
AUDIT AND BUDGET COMMITTEE MINUTES

Coast Community College District

Special Meeting of the Audit and Budget Committee

November 22, 2022

Zoom Conference Meeting

1. Call to Order

The meeting was called to order at 1:16 p.m.

2. Roll Call

Trustees Present: Trustee Jim Moreno and Trustee Mary Hornbuckle

Trustees Absent: None

In Attendance – Dr. Whitney Yamamura, Chancellor; Marlene Drinkwine, Vice Chancellor of Finance and Administrative Services; Dr. Andreea Serban, Vice Chancellor of Educational Services and Technology; Daniela Thompson, Executive Director Fiscal Affairs; Tanya Tran, District Budget Manager; Rachel Kubik, OCC Director of Business Services; Janet Houlihan, Vice President, Administrative Services, GWC; Dr. Rich Pagel, OCC Vice President Administrative Services; Maira De La Torre, Internal Audit Specialist; Rachel Snell, Director Internal Audit Services; Rupa Saran, Chief Information Technology Officer; Carly Shelby, Townsend Public Affairs; Mary Grady Administrative Assistant, Board of Trustees

3. Opportunity for Public Comment

There were no requests to address the Audit and Budget Committee during Public Comment.

4. Authorization under Brown Act, Government Code § 54953(e), for Conducting Meetings Remotely Due to the COVID-19 Emergency Because Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to authorize the continuance of remote meetings due to the COVID-19 emergency.

Motion carried with the following vote:

Aye: Trustee Hornbuckle and Trustee Moreno

No: None

Absent: None

5. Approval of Minutes: Meeting of August 22, 2022

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to approve the minutes of the meeting of August 22, 2022.

Motion carried with the following vote:

Aye:	Trustee Hornbuckle and Trustee Moreno
No:	None
Absent:	None

6. Review, Discuss, and Possible Action Regarding Internal Audit Quarterly Update

Rachell Snell, District Director of Internal Audit provided the internal audit update.

A full report of projects completed would be presented to the Board of Trustees at the December 7, 2022 Board meeting.

The OCC Student Health Center consulting project was discussed in detail. The budget, revenues, and expenses, including suggestions for increasing revenues, were the primary objectives of the project.

The student health fee charged by the Student Health Center was limited by State law. A number of suggestions for reducing expenses offered to the OCC Student Health Center by the Internal Audit Department would be taken under consideration for implementation in the near future.

Trustee Hornbuckle asked if there was an increase in service requests at the Health Center since OCC started to provide housing. The answer was a definite "yes". Suggestions for adding additional fees, and the possibility of folding extra fees into The Harbor Rental Agreement were discussed.

The Cosmetology follow-up report was completed, and recommendations would be implemented. Although COVID-19 had shut down services, many recommendations from the past internal audit investigation and program vitality review were noted as substantially implemented on the report.

Ms. Snell introduced the new Internal Audit Specialist, Maira De La Torre.

7. Review, Discuss and Possible Action Regarding State Legislature Budget Issues

Carly Shelby, Townsend Public Affairs, provided the Committee with a brief update on the current State Legislative Budget issues.

The Department of Finance released a series of monthly finance bulletins indicating the state was experiencing more revenue shortfalls than was initially expected.

The Legislative Analyst's Office had released their fiscal outlook for the 2023-2024 fiscal year, projecting a \$25 billion budget deficit. In context, considering the California budget, this was not considered to be a huge problem. California would be prepared with cash on hand and a rainy-day fund account. The prior year had provided a massive surplus of over \$120 billion in cash on hand reserves, as well as \$23 billion in a rainy-day fund, and it was likely the \$23 billion would be used to offset the anticipated decrease in revenues for the coming year.

For community colleges, the Legislative Analyst's Office confirmed the State would have enough funding within its reserves to fund existing programs. That would include funding for a COLA up to 8.38%, slightly below the estimate of 8.73%, which was a 0.35% shortfall.

The Department of Finance had their own economic projections, and it would be those projections used as the basis for the Governor's January Budget. The budget would continue to evolve throughout the year.

A new class of elected Legislators would be sworn into office on December 5, 2022, kicking off preliminary budget conversations regarding the State budget and action items related to the Special Session the Governor had called to address high gas prices and inflation. The Governor would submit the preliminary budget proposal January 10, 2023.

The current income tax filings indicators were showing numbers for higher income earners that opted to do special tax filings in the month of October. The majority of earners would file income taxes in January-April, and the May Revision would give a better indication of income tax revenue.

8. LAO Economic Outlook for 2023-24 – Marlene Drinkwine

Vice Chancellor Marlene Drinkwine provided a presentation for the FY 2022-2023 Budget.

As stated previously, the LAO Economic Outlook for the 2023-2024 fiscal year projected a \$25 billion budget deficit. Prop 98 funding in California covers K-12 and community colleges and the LAO Economic Outlook projected an \$11 billion deficit in that portion of the budget.

The District took a conservative approach to budget projections, taking into consideration that State income tax collections were below expectations, and there were augmentations to the Student-Centered Funding Formula rates above COLA. The District budget projections did not reflect higher rates released by the State Chancellor's Office which could predict a current year revenue deficit.

The LAO's Economic Outlook would foresee a shortfall of revenues affecting schools in the next year's distributions.

Due to the economic conditions of our nation, increasing inflation, and higher interest rates, LAO projected larger COLAs for the next few years and a further reliance on the States reserves and rainy-day funds in order to provide funding for the COLA.

Vice Chancellor Drinkwine suggested it would be appropriate for the District to revisit the current year budget projections. News for the current year was encouraging, with possible issues moving forward for multi-year projections.

The Committee discussed State reserves and recent economic impacts to the State of California due to COVID-19, inflation, and other factors.

9. Future Meeting Date

The next meeting was scheduled for Tuesday, February 7, 2023 at 2:00 p.m.

10. Future Agenda Items

- (a) Internal Quarterly Audit Update
- (b) The Governor's Budget and State Revenue Updates
- (c) Vice Chancellor Drinkwine District Budget Updates

11. Adjourn

The meeting was adjourned at 1:51 p.m.



Secretary of the Board
Erik Fallis